Evaluating Past Performance in a Source Selection

Air Force Procedures
AFFARS 5315

Ron Martin, SMC/AXD
3 February 2004

Purpose of the Briefing

Provide an understanding of:

- the role past performance plays in selecting the “Best Value” in source selections, and
- the process for evaluating past performance.

Outline

- Overview of Past Performance
- Past Performance Evaluation Process
- Documenting Past Performance Findings
- Summary
- Past Performance Evaluation Tool

AF Source Selection Objective

- “Acquisition teams shall ensure that rapid delivery of affordable capability from the right industry partner is considered as a key aspect of the **best value** determination.”

AFFARS 5315.302

Why Past Performance?

- Validates Promises Made in Proposal Volumes
- Reduces Risk and Oversight
- Integral to Best Value Selection
- Impacts Quality of Future Work
- Incentivizes Contractors to Strive for Excellence
- Required unless PCO determines it is inappropriate

Current Guidance

- **FAR 15.304(c)(3) and 15.305(a)(2)**
- **DFARS 215.305**
- **AFFARS Part 5315.305(a)(2)**
- **OFPP Memo 1 Apr 02, Protests, Claims & ADR as Factors in Past Performance & Source Selection Decisions**
- **DPP Memo 16 Dec 02, same subject**
- **SAF/AQ Memo 28 Mar 02, CPARS & Past Performance Information (PPI) Evaluation Requirements**
- **SAF/AQC Policy Memo 97-C-15, 30 Sep 97, Extension of Class Deviation to FAR 15.605(b)(1)(ii) & 42.1502(a) Past Performance Requirements for S&T Contracting**
- **OFPP Best Practices for Collecting & Using Current & PPI (May 00)**
- **DoD Guide to Collection and Use of PPI (May 03)**
- **AF Past Performance Evaluation Guide (Mar 03)**
- **AF Source Selection Procedures Guide (Mar 00)**
- **www.peterson.af.mil/hqafspc/contracting/part15.htm**

Experience vs. Past Performance

- **Experience** is the measure of whether or not an offeror has performed similar work in the past

- **Past Performance** reflects how well the offeror performed

Responsibility vs. Past Performance

- **Responsibility** – IAW FAR Part 9 is a pass/fail test of work accomplished regardless of the nature of the work or its relevance

- **Past Performance** – IAW FAR Part 15 analyzes work accomplished to make a confidence determination of expected future performance
  - based on not just a pass/fail but the level of quality
  - tied not only to quality but relevancy of the past effort to future work

Proposal Risk vs. Performance Risk

- **Proposal Risk** focuses on the risks and weaknesses associated with an offeror's proposed approach to accomplishing the work.

- **Performance Risk** focuses on the probability of the offeror successfully completing the solicitation requirements based on demonstrated recent and relevant performance.

What is a PRAG?

- **Definition**: Performance Risk Assessment Group - Group within the source selection organization tasked with assessing the performance confidence of each offeror and its critical or teaming subcontractors.
- **Composition**:
  - Experienced government personnel
  - Chairperson recommended to be at the same grade or one grade level below the SSET Chairperson
  - Cross-functional representation strongly encouraged
  - At least 3 members enhances opportunities for dialogue, brainstorming and in-depth fact finding

PRAG Roles and Responsibilities

- Review aspects of offeror’s relevant past and present performance
- Focus on and target performance relevant to Mission Capability subfactors and cost or price
- Identify risks and strengths at the subfactor level
- Through integrated analysis of risks and strengths determine the Government’s confidence in the offeror’s ability to successfully perform the contract effort.
- Provide the SSA an integrated, consistent, and fair picture
- Emphasis is on demonstrated performance – Not promises

What Can Impact Evaluation?

- Recency
- Relevancy
- Offeror’s demonstrated performance
- Evaluator's experience and knowledge of

  the program

Recency

- General:
  - Efforts still in progress or just completed
  - Performance history of at least one year
  - 3 years back from date of solicitation
    - Longer if necessary
  - CPAR data purged 3 years from contract completion
- Include specific info from RFP

Relevancy

- **Objective: to remove from consideration those contract references that are clearly unrelated to the type of effort sought**
  - Relevancy is a threshold question, not a separate element of PPI
  - PPI with limited relevance may be used, but should be given less weight
  - Individual contracts may be wholly relevant or only portions may be relevant
  - Relevance is to “same or similar items;” not necessarily identical

Relevancy

- Consider PPI of Offeror team
  - Subcontractors performing major/critical tasks
  - Teammates, joint venture partners, etc.
  - Key personnel with relevant experience
  - Corporate mergers and acquisitions
- Evaluate Offeror team for portion or type of effort that each firm will perform

Offeror’s Demonstrated Performance

- Performance successes
  - Superior performance above contract standards
  - Innovative processes
  - Customer or industry awards
  - Proactive problem-solving
- Or problems
  - Whether problems were caused by the Contractor, the Government, or other factors
  - Whether solutions were timely and effective
  - How well the contractor worked with the customer to resolve the problems
  - Include problems with or by subcontractors, partners or teammates

No Past Performance Record?

- Unless a company is newly formed, some type of performance record should exist
- Non-Federal Government data sources
  - Commercial work can be evaluated
  - Look for state and local government level performance data
- Performance by key personnel
- Performance of predecessor companies
- If no identifiable performance history is available, offeror is given an Unknown Confidence Rating
- No record-- cannot be viewed favorably or unfavorably.

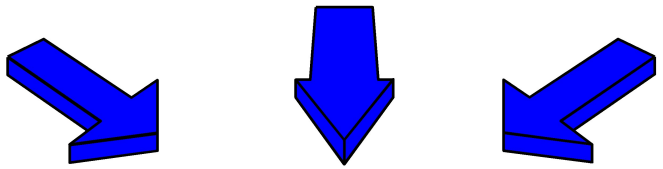
Narrative by Subfactor
(Sample)

- Subfactor 1 – Program Management
  - Strengths:
    - Highly relevant exceptional past performance managing teams with diverse players
    - Highly relevant very good past performance meeting aggressive schedules
  - Risks:
    - Only low relevancy past performance managing cost type contracts

Obtain PPI for each Offeror

Contractor Past Performance Volume

Commercial Sources:
Commercial Contracts
Dun & Bradstreet
Internet, Trade Journals
Better Business Bureau



Past Performance Information

DCMA:
Contractor Alert List
CAS Systems
Preaward Surveys

Other Service/ Command/Agency Questionnaires/Interviews

Contractor Performance Assessment Reporting System (CPARS)
Award Fee Ratings

Obtain PPI

- Review Offeror A Past Performance Volume for compliance with Section L
  - Prepare list of contracts from PP Volume
    - Determine questionnaires sent by Offeror (Record of Questionnaire Status at Section 7 of PP Volume)
    - Determine questionnaires received by Govt
    - Follow-up on questionnaires not received
- Prepare CPAR Data Request Sheet
  - Generally, on contracts over $1M
- Annotate contracts with performance incentives
  - Award Fee ratings
  - Earned incentives

Obtain PPI

- Prepare memo to SMC Program Offices to obtain PPI for subcontractors/teammates-attach questionnaire
- Teammates, subcontractors, suppliers, key personnel and vendors
  - Look in the same places for past performance information for entities other than the prime
    - Check for questionnaires
    - Add to CPAR Data Request Sheet
    - Add other entities to memo and questionnaire sent to Program Offices
    - Etc.

What's a CPAR?

- Report that assesses a contractor's performance, both positive and negative, on a given contract during a specific period of time
- Prepared annually by Government Team responsible for contract management of on-going contracts
- Required for most DOD contracts ($$ thresholds apply)
- Available to source selection teams; access controlled through SMC/AXD
- Data purged 3 years after contract completion

CPAR Data Request Sheet

Contract #	Description	Cage Code	Contractor

Accessing Databases: PPAIS

- DOD Retrieval System: Past Performance Automated Information System (PPAIS)
  - Navy system is the permanent DoD system
    - Approved on 20 Oct 00 by the AF Functional Review Board
  - All data is uploaded from Navy, Air Force, Army and DISA CPARS into PPAIS
  - Website access by password/user ID only
  - FAR 3.104, source selection certificate restrictions, safeguarding and destruction rules apply
  - Information is Source Selection Information and For Official Use Only

Questionnaires

- Used to verify information or to obtain other relevant information for prime and team members

- Tailored to each acquisition and included as part of RFP Section L
- Offerors send to their references
- PRAG sends to additional sources
- Contains Source Selection Information when completed
- Uses same color rating scale as CPARs
- Used to focus and document personal interviews
- Used to survey SMC SPOs for relevant subcontractor past and present performance data

Information from Commercial Sources

- Commercial sources are not required to answer our questionnaires or to provide an interview
  - Many companies (even defense contractors) have policies that prohibit disclosure of information about the quality of work of their contractors or employees
  - What should you do?
    - Explain the purpose of the questions
    - Try to get information that will help with relevancy determination even if you can not get information about the quality of the work
- Above all respect the policy of the corporation to give or not give information

Dealing with Subcontractor Past Performance Information

- Past Performance information is proprietary
- The prime is responsible for the proposal and its contents which includes information submitted by subcontractors
- Advise the prime in general terms if there is a concern in the area of past performance
  - Prime may already have waiver from sub to discuss information (many include this) directly with government
  - Discussion directly with subcontractor also option
- Bottom line – protect subcontractor information, but don’t overlook prime’s interest

Assess Recency of PPI Submissions

- Determine if references meet the recency criteria in Section L of RFP
- Put aside contracts that:
  - Are outside timeframe for recency in RFP
  - Have less than 12 months performance

Assess Relevancy of PPI

- Evaluate each contract submitted for relevancy
  - Evaluate against relevancy criteria in Section M
  - Each PRAG member reviews and rates each contract
- Evaluate relevancy of supplemental contracts produced through CPAR search
  - Use same process as for offeror-submitted contracts
- Look for relevant contracts for each subfactor
  - PRAG should look at relevancy rating with respect to each subfactor
  - A single contract may be relevant to only one subfactor
  - A single contract may be relevant to more than one subfactor
  - Two or more contracts per subfactor is optimal

Assess Relevancy

- Minimally relevant or no relevant contracts found
  - If no technical member on PRAG, may need to have technical advisor look over relevancy determinations
  - Look on offeror website
  - Consider predecessor companies and key personnel
  - Contact DCMA
  - Ask questionnaire POCs for other known contracts
  - Prepare EN to offeror
- PRAG caucuses to determine consensus of initial relevancy ratings for each contract
- Document rationale for relevancy determination
  - For each contract for each subfactor

Assess Relevancy

- Set aside contracts that are not relevant or with low relevancy
  - May use less relevant contracts when more relevant contracts do not exist
- Develop draft Evaluation Notices
  - Where relevancy cannot be determined from information submitted
  - Where only minimally relevant PPI or no PPI can be found
  - Use EN format/form
  - Use separate EN for each question
- Chart findings (in ESST, if used)
- Develop Competitive Range briefing charts

Assess Performance Quality

- Review and analyze past and present performance data quality
  - Evaluation based on ratings and narrative in questionnaires and other information obtained
- All offeror claims must be validated by response to questionnaire or personal interview
  - If information cannot be validated, it cannot be used
  - Two or more responses to each contract is optimal
- Go beyond the adjectival rating on questionnaire
  - Find out what drove the adjectival rating
  - Consider comments in questionnaire
  - Follow-up calls to respondent, if needed

Assess Performance Quality

- All conflicts between responses need to be resolved and documented
  - Responders do not need to agree
  - PRAG members need to understand why responses conflict to determine proper performance rating
  - Only one PRAG member needs to seek information to resolve conflicts and document results
  - All additional information received must be clearly and completely documented
- Send out additional questionnaires or conduct additional interviews, if needed

Assess Performance Quality

- Generally, each contract reviewed receives only one quality rating
  - Composite of all information gathered for that contract (questionnaires, CPARs, etc.)
  - May have more than one rating where contract tasks apply to multiple subfactors and performance quality differs by task
- Document rationale for quality determination
- Use CPAR quality definitions

Performance Quality Adjectival Definitions

EXCEPTIONAL - Performance meets contractual requirements and exceeds many *(requirements)* to the Government's benefit. The Contractual performance of the element or sub-element being assessed was accomplished with few minor problems for which corrective actions taken by the contractor were highly effective.

VERY GOOD Performance meets contractual requirements and exceeds some *(requirements)* to the Government's benefit. The contractual performance of the element or sub-element being assessed was accomplished with some minor problems for which corrective actions taken by the contractor were effective.

SATISFACTORY Performance meets contractual requirements. The contractual performance of the element or sub-element contains some minor problems for which corrective actions taken by the contractor appear or were satisfactory.

MARGINAL Performance does not meet some contractual requirements. The contractual performance of the element or sub-element being assessed reflects a serious problem for which the contractor has not yet identified corrective actions. The contractor's proposed actions appear only marginally effective or were not fully implemented.

UNSATISFACTORY - Performance does not meet most contractual requirements and recovery is not likely in a timely manner. The contractual performance of the element or sub-element being assessed contains serious problem(s) for which the contractor's corrective actions appear or were ineffective.

USAF CPARS Guide May 02

Assign Subfactor Confidence Ratings

- Evaluate relevancy and quality data to determine initial confidence assessment for each subfactor
  - Identify subfactor areas lacking PPI
  - Review PPI not used – below initial relevancy threshold
  - Resolve any issues identified during initial assessments
  - More relevant contracts should be given more consideration

Assign Subfactor Confidence Rating

- Each PRAG member evaluates confidence based on all data (CPARs, questionnaire/interview responses, etc.) considering:
  - Relevancy of data reviewed
  - Number and severity of problems
  - Demonstrated effectiveness of corrective actions
  - Offeror team composition, work allocation/contribution
- Identify favorable/unfavorable information by subfactor

  (strength and weakness narratives drafted; risk drivers)
- PRAG reaches consensus on subfactor assessments
  - Subfactor rating must be supportable by data collected
  - Ensure consistency of process across subfactors

Recommend Past Performance Factor Confidence Rating

- PRAG chair determines overall past performance factor confidence rating
  - Based on subfactor recommendations
  - Strengths and weaknesses identified
- PRAG prepares Past Performance section of SSA briefing charts for Competitive Range briefing
- PRAG finalizes past performance ENs
  - Reviewed by PCO, JA, AXD Rep
  - Approved for release by SSA
- PRAG drafts initial assessment portion of PER/PAR
- Repeat for each offeror

Putting Quality and Relevancy Together

- Read the following condensed rating summary and be prepared to discuss if you think the rating assigned was appropriate.
  - Be prepared to defend your position.
  - Focus on what you know about the requirement, the relevancy of the work evaluated and the quality of the work.

Putting Quality and Relevancy Together

- *What additional efforts could be taken to obtain past performance information in this case?*

  FAR 15.305(a)(2)(iii) states that evaluation should take into account past performance information that relates to “predecessor companies, key personnel who have relevant experience, or subcontractors that will perform major or critical aspects of the requirement when such information is relevant to the instant acquisition.”

Exchanges
Evaluation Notices

- Develop Evaluation Notices (EN)
  - **FAR 15.306 (a)(2) - Clarifications**
    - To clarify relevance of PPI
    - To respond to adverse PPI to which the offeror has not had an opportunity to respond
    - (Preserves award without discussions)
  - **FAR 15.306(b)(1)(i), (3) & (4) – Communications**
    - When PPI is the determining factor preventing the offeror from being placed in the competitive range
    - Necessary to enable the PRAG to determine inclusion or exclusion from the competitive range
    - To respond to adverse PPI to which the offeror has not had an opportunity to respond
    - (Permits establishment of the competitive range)
  - **FAR 15.306(d)(3) – Discussions**
    - To provide information to materially enhance the proposal

Exchanges
Evaluation Notices

- Limitations on Exchanges
  - Government personnel *shall not reveal names* of individuals providing reference information about an offeror's past performance
- Each PRAG member reviews and recommends assessment of the information for each contract
  - Differing opinions ensure the data is reviewed in sufficient depth
    - Each member looks at questionnaires, CPARs, interviews, etc. pertaining to each contract to develop performance recommendation

Adverse Past Performance

- Source Selection teams MAY NOT use adverse past performance information on which the offeror has not had an opportunity to comment
  - FAR 15.306(a)(2), 15.306(b)(4)
  - If the offeror has previously commented (such as CPARS) no requirement to provide additional information
- Government must disclose adverse past performance information to offerors, including identity of contract on which the information is based, but shall not disclose name of individuals who provided information

Adverse Past Performance

- What constitutes “adverse” past performance?
  - DoD Guide states adverse is:
    - “Usually” any rating below “Satisfactory” although this is a judgment call based on circumstances of the acquisition
  - Industry perspective: any rating below “Exceptional”
- How do you know when to discuss?
  - Best interest to discuss even if above satisfactory
    - When information leads to assignment of lower confidence rating
    - When adverse information is provided by only one respondent
    - When there is doubt about the validity of the comments

Documenting Past Performance Findings

- Past performance findings must be clearly documented
  - In SSA briefing charts
  - In Proposal Evaluation Report (PER) or Proposal Analysis Report (PAR)
- Documentation must support ratings
  - All paper is discoverable under protest
  - All past performance tool entries are discoverable under protest

Documenting Past Performance Findings

- For each contract reviewed discuss:
  - Recency in terms of Section M criteria
  - Relevancy to the instant acquisition in terms of
    - relevancy criteria in Section M
    - subfactors in Section M
    - contribution to instant acquisition work
      - prime, sub, key personnel, etc.
      - task and relative importance to overall work effort
  - Performance Quality
    - Strengths
    - Weaknesses
  - Any adverse information
    - Was Offeror provided an opportunity to respond?
    - Impact to subfactor and factor confidence assessment

Documenting Past Performance Findings

- Consistency of treatment
  - Similar data receives similar treatment across all offerors
- Any weighting described in Section M has been applied
- More relevant contracts have been given appropriate consideration in subfactor and factor assessments
- Ratings
  - Relevancy applied consistently and in accordance with Section M
  - Performance quality ratings use appropriate definitions
  - Confidence assessments use AFFARS Part 15 definitions

Summary

- Must consider recency – more recent performance may be afforded more consideration
- Must consider relevancy – more relevant past and present performance should be afforded more consideration than less relevant
- Performance quality of more recent, more relevant work should carry more weight in confidence assessment
- Document all findings

Taking the Average
Exercise: O&M of Weather Satellite

- Average resulted in offeror with poorest performance in highest risk area getting highest average rating
- Average does not distinguish past performance of subs and prime as it relates to work they will accomplish
- More relevant projects are not given more weight
- More recent projects are not given more weight
- Ratings fail to explain basis for low ratings
- “O” rating for Beta in SDB should raise questions:
  - Does the “0” indicate they never managed a SDB? Is“0” being used to indicate “non-applicable”? Is it appropriate for a non-applicable area to lower the overall rating?

Confidence ratings are subjective and not mathematical!